

# ATHENAS GROUP ACQUISITION

JUNE, 2020



June, 4<sup>th</sup> 2020

# DISCLAIMER

The Company's financial information is presented based on the consolidated numbers, in Brazilian Reais, in accordance with Brazilian Corporation Law and the accounting practices adopted in Brazil (BRGAAP), already in accordance with International Financial Reporting Standards (IFRS).

This document may have forward-looking statements that are subject to risks and uncertainties that may lead such expectations to not materialize or substantially differ from expectations. These forecasts express the opinion only for the date they were made, and the Company does not undertake to update them in the light of new information.



# OVERVIEW

YDUQS

1Q20



Presence in **5 cities** in the North and Midwest regions



**9 thousand** on-campus students  
*Undergraduate and technical courses*



4 Institutions with **IGC 4**



DL License / 300 centers



Potential for **300 seats/year** in medicine courses<sup>(1)</sup>



Net Revenue 2019: **R\$94.5 million**  
EBITDA<sup>(2)</sup> 2019: **R\$15.0 million**

Group brands



Rio Branco (AC)

Ji-Paraná (RO)

Rolim de Moura (RO)

Pimenta Bueno (RO)

Caceres (MT)

(1) Three ongoing processes for medicine course licenses awaiting approval; subject to earn-out payment;

(2) EBITDA ex-IFRS16 reflecting due diligence adjustments and rental costs normalization (accounting EBITDA of R\$32 million)





## New markets

Entrance in **3 priority regions of influence** identified on our strategic plan



## Growth

Exposure to areas of high growth for on-campus segment and of great opportunity for Digital Learning



## Medicine Potential

3 courses in process of approval with potential for 300 seats/year, subject to competent authorities



## Synergies

Potential synergies are translated into opportunity for attractive multiples



## Quality and superior positioning

High IGC score, excellent infrastructure and solid market positioning





# MARKETS AND OPERATION

City	Position	Market share <sup>(1)</sup>	Market	
			Potential <sup>(2)</sup>	Higher Ed. <sup>(3)</sup>
Rio Branco (AC)	2 <sup>nd</sup> place	~25%	55k people	28k students (-1% YoY)
Ji-Paraná (RO)	2 <sup>nd</sup> place	~40%	17k people	9k students (+10% YoY)
Rolim de Moura (RO)	Leader	~60%	6k people	6k students (+10% YoY)
Pimenta Bueno (RO)	Only private institution	100%	4k people	1k students (n/a)
Caceres (MT)	Only private institution	100%	9k people	7k students (n/a)

**Maturing courses** ensure resilience in revenue.

Law (2019.1) **750** seats

Nutrition (2018.1) **500** seats

Production Engineering(2018.1) **400** seats

## Integration of course portfolio

The group offers 67 on-campus courses; integration with YDUQS raises offers and increase attractiveness.

## Opportunity for Digital Learning

Incipient use of digital content in on-campus courses, plus expansion of the DL segment



(1) On-campus undergraduate in the private market

(2) Population between 17 and 49 years old who graduated high school (IBGE).

(3) Students enrolled in public and private institutions; growth of the private market in CAGR 2014-18 (INEP)

# TRANSACTION MULTIPLES



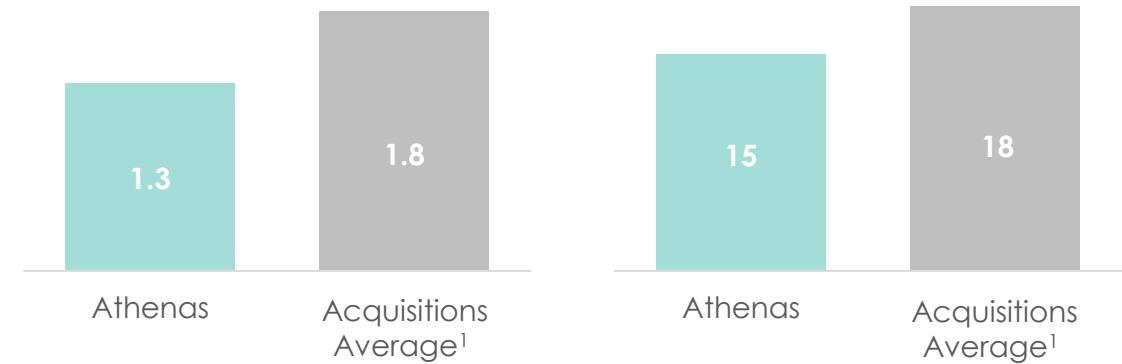
Transaction value  
R\$120 million

Considered synergies

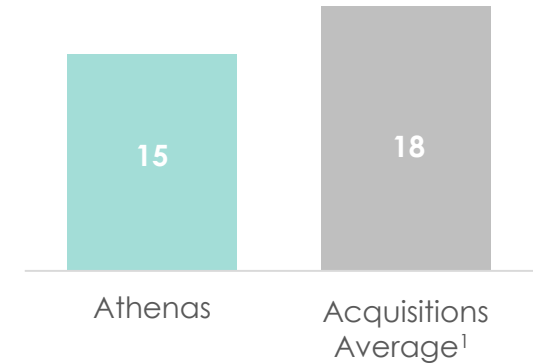
PROFILE	INITIATIVES	ESTIMATED SYNERGIES
Efficiency	Integration of shared services	APPROX. <b>R\$15.0</b> MILLIONS
Efficiency	Optimization of corporate structure	
Efficiency	Increase of digital content in on-campus courses	

## Industry historical multiples from recent M&As<sup>(1)</sup>

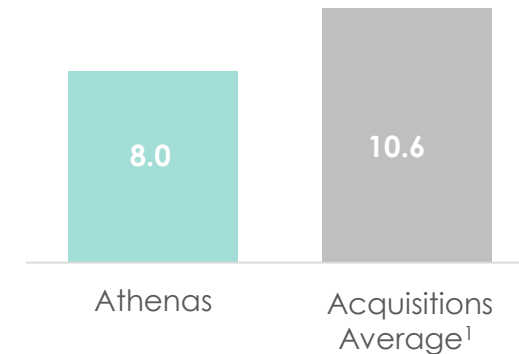
EV/Net Revenues



EV/Student



EV/EBITDA



# OPPORTUNITY IN MEDICINE

The Athenas Group has three requests for medical courses licenses subject to competent authorities approval.



100 SEATS/YEAR



100 SEATS/YEAR



100 SEATS/YEAR

300 seats  
per year

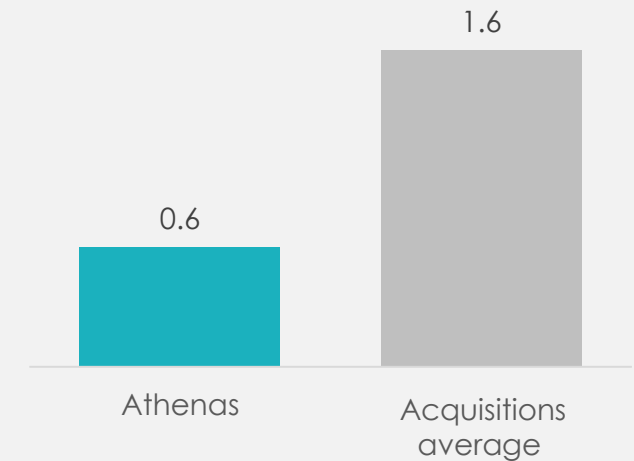
1,800 students  
in maturity

Earn-out  
**R\$600k** per  
authorized seat

Potential Earn-out  
**R\$180 million**

**ATTRACTIVE MULTIPLE**  
Below the industry average for recent  
acquisitions

EV/medicine seat  
(R\$ thousand)



(1) Considering all recent acquisitions with public data available.

# TRANSACTION STRUCTURE

## FORMAT

- **Acquisition of 100% of shares** of Athenas Group's institutions:  
(i) União Educacional Meta Ltda ME (ii) Centro de Educação de Rolim de Moura Ltda, (iii) Pimenta Bueno Serviços Educacionais Ltda., (iv) Unijipa-União das Escolas Superiores de Ji-Parana Ltda and (v) Centro de Educação do Pantanal Ltda

## VALUE

Transaction value fixed in **R\$120 millions** to be paid as follows:

- **R\$106 million** in cash upon signature
- **R\$14 million** on the 5<sup>th</sup> anniversary of the closing date

## EARN-OUT (medicine)

- Earn-out of medicine courses agreed at **R\$600 thousand per authorized seat**
- Expectation of obtaining 3 licenses offering 100 seats/year each unit in the cities of Rio Branco (AC), Ji-Paraná (RO) and Caceres (MT)
- Potential Earn-out of **R\$180 million** (due after the conclusion of first intake cycle)

## CONDITIONS

- The transaction conclusion is subject to preceding conditions and the approval of the Administrative Council for Economic Defense (CADE).



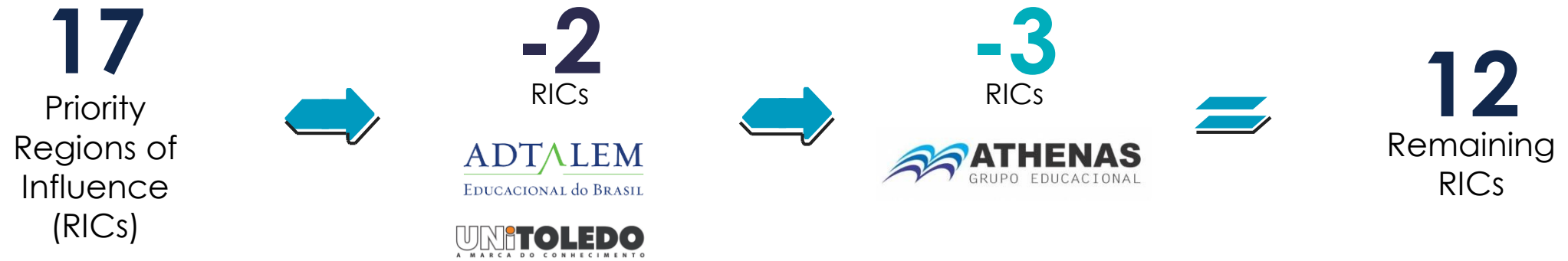


# INFRASTRUCTURE READY FOR GROWTH

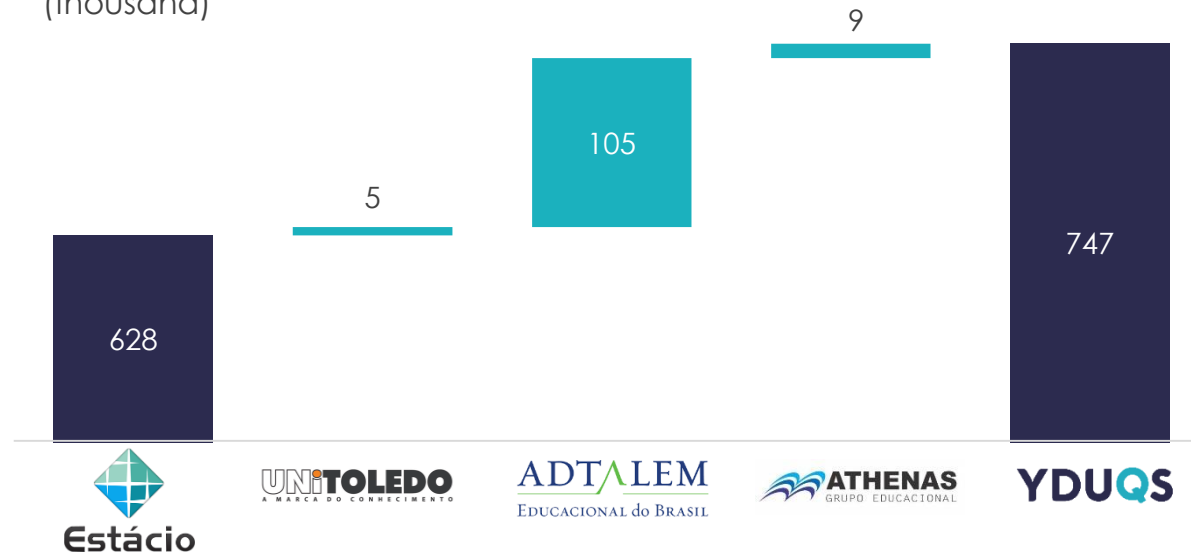
**YDUQS**  
1Q20



# RECENT ACQUISITIONS



Student base evolution  
(thousand)



- Renowned brands
- Potential for DL expansion
- Regions of market growth
- Portfolio diversification
- Potential for new medicine units



# YDUQS

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